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**PUBLIC EMPLOYEES'
RETIREMENT SYSTEM
OF THE
STATE OF MONTANA
1955-56**

ELEVENTH ANNUAL REPORT

AND

**First Annual Report
OF THE
Social Security Division**



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October 29, 1956

Honorable J. Hugo Aronson
Governor of Montana
Helena, Montana

Dear Governor Aronson:

The Board of Administration of the Public Employee's Retirement System of Montana herewith presents the Eleventh Annual Report of its operations and progress during the fiscal year of 1955-56 in compliance with the provisions of Section 68-501 (c), Revised Codes of Montana, 1947.

It gives us great pleasure and satisfaction to report continued growth in our membership and assets during this fiscal period and to note the significant progress that our department has enjoyed during the eleven years of its operation from July 1, 1945, to June 30, 1956.

We respectfully call your attention to our first annual report of the Social Security Division which was established as a division of the Public Employees' Retirement System on July 1, 1955, after its initial two years as a division of the State Board of Equalization, and whose operations are also incorporated in this report. The tremendous growth of this division during this one year attests not only to the need of this valuable coverage for public employees but to the wisdom and timeliness of its extension and approval by you and the members of the Thirty-fifth Legislative Assembly of Montana.

The Public Employees' Retirement System, in conjunction with the Social Security Administration, contributes substantially to the improvement of the personnel standards for efficient, economic, and stable public service among the public employees of the State of Montana and its political subdivisions and provides that measure of security to its members and beneficiaries which will insure their greater devotion to service and continuance in public employment during the most productive years of their lives.

We appreciate the opportunity of providing better and more complete benefits to our faithful and deserving public employee members and trust that we may always continue to reward their devoted service with the full measure of security it merits.

Respectfully submitted,

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

John F. Sasek, Secretary

REPORT AS OF JUNE 30, 1956

For the Period Beginning July 1, 1955, and Ending June 30, 1956

BOARD OF ADMINISTRATION

MRS. ELMER SCHYE, White Sulphur Springs.....	President
MALCOLM BOWDEN, Helena.....	Vice President
HUBERT G. WHITE, Townsend.....	Member
JOE D. BROWN, Missoula.....	Member
IRVIN E. SNYDER, Helena.....	Member

ADMINISTRATIVE STAFF

JOHN F. SASEK.....	Secretary
D. EDDIE WALSH.....	Chief Accountant, Retirement Division
STANLEY M. WHEELER.....	Accountant, Social Security Division
FLOYD E. YOUNG.....	Consulting Actuary, Retirement Division

3-11-57

I

PUBLIC EMPLOYEES' RETIREMENT SYSTEM DIVISION

INCOME AND DISBURSEMENTS 1955-56

Assets as of June 30, 1955.....\$10,843,433.14

INCOME FOR YEAR ENDING JUNE 30, 1956:

Interest on Investments.....	\$ 388,032.72
Employees' Contributions.....	1,938,306.34
Employers' Contributions.....	950,429.36
Contributions to Expense.....	112,936.72
Appreciation Bond Write-up.....	3,000.00
 TOTAL INCOME.....	 \$ 3,392,705.14
 BALANCE CARRIED FORWARD.....	 \$14,236,138.28

DISBURSEMENTS FOR YEAR ENDING JUNE 30, 1956:

Capital Disbursements:

Retirement Payments—A.R.F.....	\$ 59,805.41
Retirement Payments—P.A.F.....	506,578.68
Disability Payments—A.R.F.....	18,593.65
Disability Payments—P.A.F.....	159,390.18
Death Payments—A.S.F. Refunds.....	92,118.01
Death Payments—P.A.F.....	84,086.93
Employees' Savings Refunds.....	601,625.04
 TOTAL CAPITAL DISBURSEMENTS.....	 \$ 1,522,197.90

Investment Disbursements:

*Bank Service Charge.....	\$ 23,088.70
Premium Charge Off—Bonds And Mortgages	3,185.51
Interest Purchased on Investments.....	7,029.89
 TOTAL INVESTMENT DISBURSEMENTS	\$ 10,215.40

* Bank Service Charge is not included in the total as this charge is withheld by the servicing agency before making remittance to the Retirement System.

Disbursements for Administrative Expense:

Salaries	\$ 38,075.89
Legal and Actuarial Fees.....	2,900.00
Travel Expense, Employees.....	2,121.26
Travel Expense, Board Members.....	1,803.27
Per Diem, Board Members.....	660.00
Telephone & Telegraph.....	806.05
Printing	1,344.81
Postage	669.59
Supplies	690.01
Service Contracts.....	619.31
Insurance and Bonds.....	712.60
Dues	70.00
Medical and Investigation Expense.....	370.60
Departmental Contribution to PERS.....	2,323.91
Depreciation, Furniture & Fixtures.....	1,842.27
Miscellaneous	248.03
 TOTAL ADMINISTRATIVE EXPENSE.....	\$ 55,257.60

TOTAL DISBURSEMENTS..... 1,587,670.90

BALANCE—JUNE 30, 1956..... \$12,648,467.38

ASSETS AND LIABILITIES STATEMENT

LEDGER ASSETS:

*Cash	\$ 161,164.02
*Bonds U. S. Government.....	5,504,581.25
*Bonds, Montana Municipals.....	1,946,072.06
@Mortgage Loans (G.I. and F.H.A.).....	5,029,388.94
Furniture & Fixtures.....	7,261.11

TOTAL LEDGER ASSETS.....\$12,648,467.38

NON-LEDGER ASSETS:

Accrued Interest.....	\$ 62,936.97
Present Value Future State Contribution..	18,684,680.81

TOTAL NON-LEDGER ASSETS.....\$18,747,617.78

TOTAL ASSETS.....\$31,396,085.16

LEDGER LIABILITIES:

‡Interest Account.....	\$
Employees' Savings Account.....	8,196,083.10
Employees' Annuity Reserve Fund.....	702,039.14
Pension Accumulation Fund.....	2,921,240.12
Expense Fund.....	3,086.31
Annuity Savings Interest Reserve.....	826,018.71

TOTAL LEDGER LIABILITIES.....\$12,648,467.38

NON-LEDGER LIABILITIES:

REQUIRED STATE RESERVE FOR PRIOR AND CREDITABLE SERVICE:

Life Insurance.....	\$ 51,200.00
**Additional Pension Reserve	
Pensions	12,176,498.35
Disabilities	854,243.43
Additional Reserve for Retirement.....	5,665,676.00

TOTAL NON-LEDGER LIABILITIES.....\$18,747,617.78

TOTAL LIABILITIES.....\$31,396,085.16

*On Deposit with State Treasurer.

@Held in Retirement System Office.

‡The interest account has been distributed as follows:

Transferred to the Reserve for interest required on Annuity Savings Fund.....	\$ 218,314.02
Transferred to Annuity Reserve Fund.....	16,586.83
Transferred to P.A.F.....	145,916.47

TOTAL TRANSFERRED.....\$ 380,817.32

This transfer was effected in accordance with
the computations of the Actuary.

**Until such time as prior service is completely certified, the
additional pension reserve for service pensions must neces-
sarily be an approximation.

The ledger assets and ledger liabilities, in detail, were ex-
amined and verified by the office of the State Bank Ex-
aminer and a copy of the report of that examination is on file
in the Retirement office available for inspection.

COMPARISON CHART OF ASSETS AND DISBURSEMENTS

	1954-55	1955-56	Percentage of Change
Capital Disbursements.....	\$ 1,218,698.98	\$ 1,522,197.90	Up 24.90%
Administrative Expense.....	52,232.25	54,257.60	Up 00.03%
Assets at end of year.....	10,843,433.14	12,648,467.38	Up 16.65%
Investments at end of year....	10,620,789.32	12,480,042.25	Up 17.51%
Ratio of Administrative Expense to Assets.....	.482%	.4289%	Down .0531%
Ratio of Administrative Expense to Total Expense*	.369%	.343 %	Down .026 %

*The total expense figure does not include disbursements on investments as these disbursements are in part recoverable as accrued interest and the remainder are costs to earned interest income and are reflected in total yield from investments.

The comparison shown above indicates that 24.90% more was disbursed in all benefits during the fiscal year and that 16.65% more was held in assets. This increased our investments by 17.51% while the administrative expense advanced .03%. The ratio of administrative cost to assets has been decreased .0531% and the ratio of such expense to the total expenses decreased by .026% indicating that an increased workload is being handled at a lower cost.

RECAPITULATION OF INVESTMENTS

MONTANA MUNICIPAL BONDS:

Blaine County, Turner H.S. District.....	\$ 42,000.00
Broadwater County S.D. No. 7.....	70,200.00
Broadwater County S.D. No. 7.....	12,000.00
Cascade County, H.S. Dist. B.....	21,840.90
Cascade County, S.D. No. 3.....	18,197.20
Choteau County, H.S. Dist. No. 1.....	37,500.00
Custer County, S.D. No. 1.....	10,000.00
Deer Lodge County High School.....	60,000.00
Deer Lodge County, Anaconda H.S.....	110,000.00
Fallon County, S.D. No. 12.....	49,000.00
Fergus County, Denton H.S.D.....	15,000.00
Fergus County, S.D. No. 84.....	26,000.00
Flathead County, Whitefish H.S.....	14,570.33
Glacier County, S.D. No. 15.....	14,814.49
Hill County, S.D. No. 16.....	92,500.00
Jefferson County, H.S.D. No. 2.....	28,000.00
Jefferson & Madison Counties, Joint S.D. 4 & 47.....	31,000.00
Lewis & Clark County, Augusta H.S.....	50,000.00
Lincoln County, S.D. No. 4.....	84,500.00
Lincoln County, S.D. No. 4.....	58,625.00
Lincoln County, Libby H.S. Dist.....	4,750.00
Meagher County High School.....	75,000.00
Meagher County, Court House.....	12,250.00
Phillips County, S.D., No. 14.....	24,824.47
Pondera County, S.D. No. 10.....	28,000.00
Ravalli County, S.D. No. 2.....	40,000.00
Richland County, Fairview H.S.....	13,000.00
Rosebud County High School.....	70,000.00
Rosebud County High School.....	5,000.00
Kosebud County S.D. No. 9.....	20,000.00
Sanders County Hospital.....	15,000.00
Sanders County S.D. No. 2.....	19,721.67
Sheridan County, S.D. No. 20.....	87,750.00
Silver Bow County, Civic Center.....	23,000.00
Silver Bow County, S.D. No. 1.....	32,500.00
Teton County, Dutton H.S.D.....	177,000.00
Toole County, Sunburst H.S.D.....	32,000.00
Toole County S.D. No. 11.....	10,000.00
Yellowstone County, S.D. No. 21.....	6,300.00
Yellowstone County, Broadview H.S.D.....	37,128.00
City of Baker, Sewer & Water.....	26,400.00
Town of Columbia Falls.....	45,000.00
City of Cut Bank, Water.....	41,000.00
Town of Denton, G.O. Sewer.....	17,500.00
City of East Helena, Water & Sewer.....	66,000.00
Town of Fairfield, Sewer.....	42,000.00
City of Hysham, Water.....	25,000.00
Town of Kevin, Water.....	30,000.00
City of Polson, Sewer.....	33,200.00
City of Sidney, Swimming Pool.....	35,000.00
City of White Sulphur Springs, Water.....	6,000.00

TOTAL MONTANA MUNICIPAL BONDS.....\$ 1,946,072.06

UNITED STATES GOVERNMENT BONDS:

Series "A"	\$ 250,000.00
Series "B"	775,000.00
Series "G"	1,500,000.00
Series "J"	147,000.00
Series "K"	885,000.00
Series "78-83"	986,993.75
Series 1955, 3%	960,587.50

TOTAL UNITED STATES GOVERNMENT BONDS. \$ 5,504,581.25

MORTGAGES:

F.H.A. Mortgages.....	\$ 1,764,173.99
Veterans Administration (G.I. Insured Mortgages).....	3,265,214.95

TOTAL INSURED MORTGAGES..... \$ 5,029,388.94
 TOTAL INVESTMENTS..... \$12,480,042.25

As of June 30, 1956, the amount of funds available for investment was \$161,164.02. A percentage accounting of investments is as follows:

Montana Municipal Bonds.....	43.5447%
United States Government Bonds.....	15.3947%
FHA & GI Insured Mortgages.....	39.7857%
Available but not invested.....	1.2749%
	100.0000%

The investments recapitulated above have been examined by the Bank Examiner's Department of the State of Montana and have been declared in balance. The United States Government Bonds and Montana Municipal Bonds are held in the custody of the Montana State Treasurer. The records on mortgages are held in the Retirement System office.

Detail as to numbers, maturity dates, investment yield and other data is a matter of record in the Retirement System office and may be inspected upon request.

GROWTH

During the past fiscal year, the System realized an increase in membership of 2,810 members as of June 30, 1956. Claims have increased by 165. The increase in membership was gained even though separations, followed by refunds, totaled 3,104 and members transferred to claimant status total 165. During the year the System serviced 16,895 persons employed by the State of Montana or other member agencies.

MEMBERSHIP

Fiscal Year	1945-46	1946-47	1947-48	1948-49	1949-50	1950-51
State Departments	1,677	2,864	3,242	3,285	3,731	4,312
Counties		67	1,129	1,348	1,460	1,748
Cities		203	488	610	712	762
School Districts		46	192	294	328	434
County High Schools			15	22	28	45
Other Agencies		50	64	84	99	98
Inactive Accounts				419	536	725
TOTAL	1,677	3,230	5,130	6,062	6,894	8,124
Fiscal Year	1951-52	1952-53	1953-54	1954-55	1955-56	
State Departments	4,763	5,088	5,211	5,654	6,774	
Counties	1,980	2,264	2,487	2,625	3,987	
Cities	822	1,005	1,146	1,206	1,322	
School Districts	566	628	728	775	957	
County High Schools	60	62	72	82	90	
Other Agencies	103	111	164	160	163	
Inactive Accounts	628	560	380	314	333	
TOTAL	8,922	9,718	10,188	10,816	13,626	

Fiscal Year	Death Benefit				Total
	Lump Sum	Survivor-ship	Disability	Retirement	
1945-46	1				1
1946-47	35		24		59
1947-48	69		38	124	231
1948-49	124		64	239	427
1949-50	162		84	347	593
1950-51	215		118	530	863
1951-52	270		145	622	1,037
1952-53	323		174	732	1,229
1953-54	381	11	199	827	1,418
1954-55	443	23	233	929	1,628
1955-56	501	34	253	1,005	1,793

The figures in this chart are cumulative since the beginning of the Retirement System. Death Claims processed during the fiscal year of 1955-56 totaled 58. Disability claims serviced during the year totaled 201 with 12 being removed from the Disability Roll by death or transfer. This leaves a net total of 177 members on Disability Retirement as of June 30, 1956.

Survivorship Annuities were granted to 11 beneficiaries of deceased members bringing to 34 the number being paid as of June 30, 1956.

Service Retirements serviced during the year totaled 794 with 50 being removed from the Retirement Roll by death or transfer. This leaves a net total of 744 members on Service Retirement as of June 30, 1956.

Benefit payments were made to 1,087 members and/or beneficiaries during the fiscal year. There were 959 persons receiving monthly payments as of June 30, 1956.

During the fiscal year 1954-55, 14,353 members were serviced as compared with 17,982 members serviced during the fiscal year 1955-56 which is an increase of 25.28%.

The net membership as of June 30, 1955, including members and retirees, was 11,726 as compared with the net membership as of June 30, 1956 of 14,581 for an increase of 24.35%

MEMBERSHIP STATUS

STATE DEPARTMENTS	MEMBERSHIP STATUS
Adjusted Compensation Division	6
Adjutant General	325
Aeronautics Commission	74
Agriculture Department	58
Apprenticeship Council	2
Attorney General	90
State Auditor	21
Bank Examiners	16
Chancellor's Office	1
Civil Defense	1
College, Montana State	648
Controller's Office	28
Custodian, Capitol	49
Deaf and Blind School	18
District Judges	19
Eastern Montana Normal School	45
Entomologist	3
Equationing, Board of	148
Examiners, State Board of	15
Fish and Game Department	15
Forestry Department	259
Governor's Office	118
Grass Conservation Board	2
Hail Insurance	1
Board of Health	9
Highway	99
Highway Patrol	1,894
Historical Library	13
Home for the Aged	22
State Hospital	614
Industrial Accident Board	38
Industrial School	59
Labor and Industry	3
Land and Investments	25
Law Library	2
Legislature	2
Library Extension Commission	3
Liquor Board	19
Livestock Commission	2
Livestock Sanitary Board	90
Milk Control Board	9
School of Mines	11
Normal College	21
Northern Montana College	16
Nurses Examining Board	1
Orphans' Home	1
Board of Pardons	648
Plumbing Examiners	28
Poultry Improvement Board	49
Prison	18
P.E.R.S.	19
Public Instruction	45
Public Welfare	3
Railroad & Oil Conservation	148
Registrar of Motor Vehicles	15
Secretary of State	15
Soldiers' Home	259
Supreme Court	118
Teachers' Retirement System	2
Trade Commission	1
Training School	9
Treasurer's Office	1,894
Tuberculosis Sanitarium	48
U.C.C.	13
University	22
Veterans' Welfare Commission	614
Vocational Rehabilitation	38
Vocational School for Girls	59
Water Conservation Board	3
Ten-Year Inactive Accounts	25
Inactive Accounts	2
STATE DEPARTMENTS TOTAL	7,107

MEMBERSHIP STATUS

COUNTIES:

County Attorney	43	Madison County	48
Beaverhead County	46	McCone County	32
Big Horn County	66	Meagher County	23
Blaine County	52	Missoula County	156
Broadwater County	45	Musselshell County	34
Carbon County	92	Park County	54
Carter County	24	Petroleum County	16
Cascade County	259	Phillips County	56
Chouteau County	72	Pondera County	82
Custer County	59	Powell County	41
Daniels County	28	Powder River County	20
Dawson County	64	Prairie County	29
Deer Lodge County	45	Ravalli County	65
Fallon County	28	Richland County	63
Fergus County	90	Roosevelt County	121
Flathead County	240	Rosebud County	58
Gallatin County	138	Sanders County	124
Garfield County	28	Sheridan County	52
Glacier County	58	Silver Bow County	216
Golden Valley County	18	Stillwater County	60
Granite County	48	Sweet Grass County	28
Hill County	90	Teton County	72
Jefferson County	54	Toole County	102
Judith Basin County	50	Treasure County	21
Lake County	95	Valley County	70
Lewis & Clark County	155	Wheatland County	31
Liberty County	40	Wibaux County	30
Lincoln County	64	Yellowstone County	192
		COUNTIES TOTAL.....	3,987

CITIES:

Anaconda	10	Havre	53
Belt	5	Helena	95
Big Sandy	2	Kalispell	54
Billings	201	Laurel	18
Bozeman	82	Lavina	0
Butte	108	Lewistown	15
Cascade	2	Libby	0
Chinook	17	Livingston	24
Choteau	10	Malta	13
Circle	2	Miles City	41
Columbia Falls	10	Missoula	82
Conrad	11	Phillipsburg	8
Culbertson	1	Plains	3
Cut Bank	18	Plentywood	10
Deer Lodge	7	Polson	8
Dillon	13	Poplar	5
East Helena	17	Roundup	16
Fairfield	1	Ryegate	1
Fairview	5	Sidney	16
Forsyth	9	Stanford	2
Glasgow	17	Ownsend	5
Glendive	29	Whitefish	16
Great Falls	226	Winnett	0
Hamilton	10	Wolf Point	12
Hardin	12	CITIES TOTAL	1,322

MEMBERSHIP STATUS

SCHOOL DISTRICTS:

No. 1 Big Timber	1	No. 10 Conrad	10
No. 1 Butte	65	No. 10 Dillon	3
No. 1 Choteau	7	No. 10 Noxon	2
No. 1 Circle	4	No. 12 Klein	4
No. 1 Corvallis	6	No. 12 Rosebud	5
No. 1 Deer Lodge	13	No. 12 Saco	2
No. 1 Glendive	8	No. 12 Stanford	10
No. 1 Great Falls	154	No. 1 & 13 Box Elder	1
No. 1 Helena	52	No. 13 Fairview	7
No. 1 Garfield County	4	No. 13 Nashua	8
No. 1 Lewistown	18	No. 14 Chinook	4
No. 1 Miles City	9	No. 14 Malta	12
No. 1 Missoula	21	No. 15 Custer	5
No. 1 Plains	7	No. 15 Cut Bank	16
No. 1 Red Lodge	5	No. 16 Havre	11
No. 1 Scobey	18	No. 17 Culbertson	5
No. 1 Virginia City	2	No. 17 Hardin	20
No. 2 Alberton	7	No. 19 Brady	1
No. 2 Billings	52	No. 20 Plentywood	4
No. 2 Bridger	6	No. 21 Broadview	2
No. 2 Dodson	4	No. 23 Polson	4
No. 2 Helena	1	No. 23 Roberts	6
No. 2 Sunburst	4	No. 24 Three Forks	2
No. 2 Thompson Falls	2	No. 25 Hobson	1
No. 3 Cascade	12	No. 27 Augusta	0
No. 3 Hamilton	6	No. 28 Ronan	24
No. 3 Superior	5	No. 29 Belt	5
No. 4 Forsyth	8	No. 30 Power	9
No. 4 Livingston	8	No. 31 Gilman	0
No. 4 & 47 Whitehall	3	No. 33 Oilmont	4
No. 5 Kalispell	13	No. 38 Bigfork	4
No. 5 Park City	4	No. 39 Simms	12
No. 5 Sand Coulee	3	No. 41 Lavinia	3
No. 5 Sheridan	6	No. 44 Belgrade	11
No. 5 Sidney	13	No. 44 Moore	1
No. 5 Terry	10	No. 45 Augusta	3
No. 6 Ryegate	3	No. 45 Wolf Point	13
No. 7 Bozeman	8	No. 50 East Glacier	1
No. 7 Hinsdale	6	No. 52 Absarokee	5
No. 7 Laurel	13	No. 52 Ennis	9
No. 7 Townsend	6	No. 53 Wilsall	5
No. 8 Elder Grove	0	No. 55 Brockton	6
No. 9 Browning	12	No. 55 Roundup	13
No. 9 Chinook	0	No. 58 Geyser	4
No. 9 Dixon	3	No. 64 Melstone	2
No. 9 Musselshell	5	No. 75 Greenfields	6
No. 9 Opheim	11		
No. 10 Anaconda	33	SCHOOL DISTRICTS	
No. 10 Chinook	12	TOTAL	957

COUNTY HIGH SCHOOLS:

Beaverhead County High.....	3	Jefferson County High.....	6
Broadwater County High.....	6	Missoula County High.....	18
Custer County High.....	5	Park County High.....	4
Dawson County High.....	5	Powell County High.....	2
Fergus County High.....	6	Sweet Grass County High.....	8
Flathead County High.....	21		
Gallatin County High.....	10	COUNTY HIGH SCHOOLS	
		TOTAL	90

MEMBERSHIP STATUS

OTHER AGENCIES:			
Billings Water Department.....	75	Livingston Water Department	8
Bitterroot Irrigation Dist.....	16	Malta—Dodson Irrigation.....	16
Greenfield Irrigation Dist.....	27	Missoula Public Library.....	12
Health District II.....	5	OTHER AGENCIES	
Health District III.....	4	TOTAL	163

II

SOCIAL SECURITY DIVISION

LEGISLATION AND GROWTH

Public employees in Montana were first provided the opportunity of securing Social Security coverage, or Old Age and Survivors Insurance, under the provisions of Chapter 44, 1953. Session Laws of Montana, when the Thirty-third Legislative Assembly of Montana, enacted the enabling legislation whereby political subdivisions, not under a retirement system, could have some measure of security for themselves and beneficiaries at superannuation and for their survivors should the employees never reach superannuation. This enabling legislation was made possible by the 1950 amendments to the Federal Social Security Act which permitted public employees not under a retirement system to secure Social Security coverage which has not been previously available to them.

Under the authority granted to it by Chapter 44, 1953 Session Laws of Montana, the State Board of Examiners entered into a Federal-State Social Security agreement with the Secretary of Health, Education and Welfare, effective on December 7, 1953. This original agreement was applicable only to those political subdivisions not under a retirement system. The state agency designated to administer Social Security for public employees in Montana under this act was the State Board of Equalization.

The Montana Federal-State agreement of December 7, 1953, provided the basis of coverage for the various classes of positions among public employees in Montana and every agreement, or modification thereof, which has been executed by the State of Montana or its political subdivisions since that date has been governed by it, so that all classes of positions are covered except those of employees working on a fee basis, firemen, policemen, and students employed incidentally at the various educational institutions.

Social Security coverage under the provisions of Chapter 44, 1953 Session Laws, was secured solely through a voluntary Plan and Agreement negotiated between the legislative body and the State Board of Equalization, which administered Social Security for public employees in Montana until July 1, 1955, when the Public Employees' Retirement System assumed its administration. During the period from December 7, 1953, to July 1, 1955, the State Board of Equalization processed and provided coverage for 588 public employees of one (1) county, ten (10) cities, eighteen (18) towns, thirty-six (36) school districts, six (6) irrigation districts, four (4) public housing authorities, two (2) soil conservation districts, one (1) cemetery district and the Montana Municipal League.

The Thirty-fifth Legislative Assembly of Montana amended the original act of 1953 to allow public employees of Montana, who are under a retirement system, to add Social Security coverage

to their coverage under a retirement system. This was done in accordance with the provisions of the 1954 amendments of the Federal Social Security Act. The coverage for these public employees was provided under Chapter 270, 1955 Session Laws of Montana, for members of the Public Employees' Retirement System of Montana, and under Chapter 271, 1955 Session Laws of Montana, for members of the Teachers' Retirement System of Montana who are professional employees of the six units of the Greater University of Montana or professional employees of a school district.

The 1954 amendments to the Federal Social Security Act required that no state agency or political subdivision could add Social Security coverage without submitting the question of participation to the members of their respective retirement systems to a referendum vote conducted by the State Agency. The Montana amendments of 1955 incorporated this provision so that members of the Public Employees' Retirement System and the Teachers' Retirement System could participate in Old Age and Survivors Insurance the same as public employees who are not under a retirement system. These amendments also transferred the administration of Social Security for public employees in Montana from the State Board of Equalization to the Board of Administration of the Public Employees' Retirement System of Montana effective as of July 1, 1955.

During its first year of administering Social Security for public employees in Montana the Public Employees' Retirement System conducted four (4) statewide referendums, on October 10, 1955, January 4, 1956, April 16, 1956, and May 28, 1956, respectively, and extended Old Age and Survivors Insurance to 15,175 additional public employees in seventy-six (76) state departments, fifty-five (55) counties, twenty-eight (28) cities and towns, all units of the Greater University of Montana, one hundred thirty-nine (139) school districts, four (4) irrigation districts, three (3) cemetery districts, two (2) municipal water departments and one (1) public health district.

On July 1, 1956, Old Age and Survivors Insurance had been extended to the majority of public employees in Montana with 15,763 now participating. All state departments, all component units of the Greater University of Montana, all counties, the majority of the cities, towns, first and second class school districts, and many other political subdivisions, have provided Social Security coverage for their public employees so that the number remaining is to be found principally in the smaller political divisions of the state.

INCOME AND DISBURSEMENTS 1955-56

Assets as of June 30, 1955.....\$ 310.11

INCOME FOR YEAR ENDING JUNE 30, 1956:

Employee & Employer Contributions.....\$ 1,381,182.86

Contribution to Expense..... 73,364.78

Advance from Public Employees'

Retirement System 10,000.00

TOTAL INCOME \$ 1,464,547.64

BALANCE CARRIED FORWARD..... \$ 1,464,857.75

DISBURSEMENTS FOR YEAR ENDING JUNE 30, 1956:

Capital Disbursements:

Refund on Contributions..... 371.33

Refund on Administrative Expense..... 473.65

Loan Payment to PERS..... 10,000.00

Payment of 4% to Treasurer of the U.S. 1,380,799.29

TOTAL CAPITAL DISBURSEMENTS..... \$ 1,391,644.27

Disbursements for Administrative Expense:

Salaries \$ 7,628.97

Legal Fees..... 690.00

Per Diem, Board Members..... 10.00

Travel, Board Members..... 15.14

Travel, Employees..... 919.86

Telephone & Telegraph..... 709.52

Printing 974.31

Postage 944.28

Supplies 560.92

Contribution to PERS..... 251.74

Contribution to Social Security..... 164.10

Rent on Equipment..... 20.67

Insurance & Bonds..... 259.77

Dues 10.00

Miscellaneous 280.45

Payment of Interest to PERS..... 300.00

State Treasurer, Excess Deposit..... 2,344.62

Depreciation, Furniture & Fixtures..... 166.83

TOTAL ADMINISTRATIVE EXPENSE..... \$ 16,251.18

TOTAL DISBURSEMENTS..... \$ 1,407,895.45

BALANCE—JUNE 30, 1956..... \$ 56,962.30

ASSETS AND LIABILITIES STATEMENT

ASSETS:

Cash	\$ 54,838.38
Furniture and Fixtures.....	2,123.92
TOTAL ASSETS.....	\$ 56,962.30

LIABILITIES:

Contribution Account.....	\$ 12.24
Expense Fund.....	56,806.78
Revenue Accumulation Fund.....	143.28
TOTAL LIABILITIES.....	\$ 56,962.30

During the past fiscal year, the Social Security Division acquired 15,175 public employees who wished to be covered under Social Security. The Board of Equalization transferred 588 public employees to the Social Security Division, July 1, 1955.

MEMBERSHIP FISCAL YEAR 1955-56

	Members of the Public Employees' Retirement	Members of the Teachers' Retirement	Others
State Departments.....	7,243		299
Counties	3,882		52
Cities	1,429		257
School Districts.....	468	707	410
Greater University System.....		587	
County High Schools.....	47	24	4
Other Agencies.....	193		161
	<hr/> 13,262	<hr/> 1,318	<hr/> 1,183

